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## Caribbean Basin

## Market Development Reports

## How Cubans Survive

## 2003

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**Report Highlights:**

The U.S. Interest Section in Havana explores how Cubans obtain their daily bread through a series of reports that were combined into this report. The report explores what Cubans eat and what they pay for their food, changes in food prices and product availability, how and where Cubans shop for food, and how they stretch their ration card and meager salaries to purchase enough food for the family.

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## I. How Cubans Survive: How and Where Cubans Shop for Food

A Current Cuban joke goes:

Q: What are the three successes of the Cuban revolution?

A: Health, Education and Sports.

Q: What are the three failures of the Cuban revolution?

A: Breakfast, Lunch and Dinner.

### A. Summary

Cubans can survive for no longer than 7-10 days on the meager amount of food they are entitled to on their monthly ration card (libreta) and find their average \$10 per month salary insufficient. To supplement their rations, for which they still pay a small sum, they shop at as many as nine different kinds of state-run and independent markets, although shopping options for families are limited by a shortage of public transportation. With the exception of the dollar stores, all products are paid for in Cuban Pesos (CP). The approximate exchange rate is US \$1.00= 26 CP.

### B. Libreta – The Ration Card

A limited number of basic foodstuffs is available to all Cubans by means of a monthly ration card. Prices of rationed products are heavily subsidized and have been unchanged for much of the past 40 years. Supplies for the "bodegas" or grocery stores, where the rationed goods are sold are irregular. Even if all items are available at the bodegas, the full Cuban entitlement lasts only seven to ten days. The number and type of items offered on the ration card shrunk even further during the so-called "Special Period" of the mid-1990s, and has not fully recovered.

Table 1. Quantity and Price in CP of food products on the Ration Card

Product	Quantity /person/month	Price in Cuban Pesos(CP)
Rice	6 lbs	.25/lb
Beans or peas	20 oz	.02/oz
Potatoes	8 lbs	.40/oz
Plantains	3 lbs	.30/lb
Brown sugar	2 lbs	.05/lb
Cooking oil	.5 lbs	.40/lb
Salt	.75 lbs	.13/lb
Coffee, mixed with toasted peas	.4 oz	.03/oz
Salt crackers when available	.33 lb	.65/lb
Fluid milk	1 1b/day under age 7	.25/L
Powdered cereal	1 kg/ mo if sick	2.50/kg
Soy yogurt	1 every other day	1.00/liter

Of the following protein sources, only one is distributed each month, or some combination thereof. The Government of Cuba (GOC) does not distribute all protein items at the same time, beef, rarely, if ever available at the bodega.

Product	Quantity /person/month	Price in Cuban Pesos(CP)
Soy/meat blend	.75 lbs	.73/lb
Sausage/soy	.50 lbs	.73/lb
Chicken	1 lb if no beef available 5 lb if beef is available	.70/lb
Beef	.50 lbs	.70/lb

### C. Agromercados - Free Farmers' Markets and State Produce Markets

Agromercados were legalized in 1994 as part of the GOC's response to the economic crisis of the so-called "Special Period" to increase the supply of food to the population. Over 300 of these open air markets throughout the country sell fruit, vegetables, and certain meats such as pork and lamb. The sale of chicken, eggs, potatoes, milk and prepared products such as tomato sauce, cakes, etc., are prohibited at these markets. Products for sale at the agromercados generally come from private farmers and Credit and Service Cooperative farms (CCS's) that have fulfilled their state production quotas and have surpluses to sell at free market prices.

A legally accredited representative is responsible for marketing these products (everything from transportation to the actual sale of the products) and works through the Ministry of Domestic Trade. In practice, the government of Cuba (GOC) considers these representatives as "middlemen," which in regime-speak is a term of high contempt and, have been accused of creating and maintaining "cartels" to keep prices elevated. The prices at the agromercados markets remain out of range to the average Cuban -- particularly those with no access to dollars and who have to make due solely with their government salary of US \$10 per month on average.

### D. State Markets

State Markets are run by the Ministry of Domestic Trade and are co-located with the free market agromercados in an attempt to drive down prices in the agros. They regularly offer important staples in the Cuban diet such as rice, beans and tubers. They are authorized to sell prepared products such as ham, bacon and sausage, as well as tomato sauce, guava paste, peanut bars and other items. Supplies of green vegetables and fruits are irregular and of lower quality than those in the agromercado. Although the Ministry sets the prices, the managers of these markets have a narrow margin to discount products according to quality.

### E. Topados - Capped Markets

Established in 1999, some 2,383 capped markets or "Topados" have sprung up and fall under the direction of the Ministry of Agriculture. Suppliers for these markets are mainly agricultural enterprises such as the state Basic Unit of Production Cooperators (UBPCs) or semi-independent Agricultural Productions Cooperators (CPAs), that sell their products directly to a marketing

agency of the Ministry of Agriculture. Capped prices are determined by setting them at approximately 25 to 30 percent below prices at the agromercados, and are published monthly in the GOC newspaper, "Tribuna de la Havana." In practice, however, the state lacks the ability to keep up with continuous supply and demand-based price changes in the free market agromercados. Problems with quality, assortment and regular supply also hamper the ability of the state markets to compete with the agromercados. These problems notwithstanding, Topados are a popular choice for the average family purchases, particularly for those on government salaries and with no access to dollars.

#### F. Ejercito Juvenil de Trabajadores (EJT markets) - Workers' Youth Army Markets

The EJT, a branch of the Armed Forces which produces food for the military, is allowed to sell its "surplus" production directly to the population. These markets are the most inexpensive of all and, therefore, the first shopping option for the typical family who is fortunate enough to live within walking distance of the many found throughout Havana. These markets offer pork and sometimes lamb, as well as assorted green and root vegetables, and other basic goods such as rice and beans and prepared products such as tomato paste, guava paste, etc.

#### G. Organoponis – Organics Farms and Urban Gardens

Urban gardens and organic farms are the result of a highly publicized "urban agriculture program" begun in recent years and extending across the island. The GOC converted empty lots in urban areas into gardens to provide work for unemployed laborers. Products are sold directly from the gardens at prices around 15 percent lower than those in the agromercados. Quality is good, although variety is limited by the size of the garden. Family access to these markets can be somewhat difficult as they are generally located on the outskirts of metropolitan areas.

#### H. Fish Shops

Cubans can buy non-rationed seafood at fish shops run by the Ministry of the Fishing Industry. Even though the range of seafood products is irregular and quality low, Cubans are willing to wait in line to snap up what ever is available. The most popular and inexpensive products are fish croquettes at 0.30 CP each, fish burgers and ground fish.

#### I. Imagenes Chain

The Imagenes outlets are the closest thing Cuba has to what most Americans would recognize as a supermarket. Rows of half-empty shelves sell food products such as vegetable oil, rice, beans, cheese, juices, eggs, as well as chicken in pieces, hot dogs, and canned fish. Prices here are lower than in the dollar shops.

#### J. Dollar Stores or Tiendas para la Recaudacion de Divisas TRDs - Stores for the Recovery of Dollars

Dollar stores are the most expensive places to buy food in Cuba and cater primarily to foreigners. The average family with no access to dollars cannot afford to shop in these stores. The stock is mostly foreign products, without Cuban produce and processed goods. Prices are much higher

than U.S. supermarket prices. Only Cubans with access to significant quantities of U.S. dollars, either through remittances abroad or through other means, can afford to shop in the dollar stores.

#### K. The Informal Market

For the average Cuban, another means of accessing food is through the vast and varied informal market. For example; Cubans may buy extra rationed products from the bodega or bakery "under the table" for higher than ration card prices. Typical informal market prices might be buns from the bakery at 1 CP each (rationed price 0.05 CP), or a small 2-oz pack of coffee at 10 CP (rationed price 0.03 CP/4 oz.), a one-liter bottle of milk at 10 CP (in Havana rationed price 0.25 CP/l), or some extra sugar at 3 CP/lb (rationed price 0.15 CP/lb).

Another kind of informal market activity consists of purchasing items not available on the ration card: beef, good quality fish, shrimp, lobster, cheese, coffee, powdered milk and others from entrepreneurs who do their own fishing, make illegal purchases from farmers, or steal from sources such as tourist hotels, state-run restaurants, government cafeterias, etc. The average Cuban family has no purchasing power to legally access these items, which are usually officially available in dollars only. Prices in the informal market for these products are expensive, but cheaper than those offered in dollar stores.

## II. HOW CUBANS SURVIVE: Can the Average Cuban Afford to Eat?

A Current Cuban Joke goes:

A Cuban visits a fortuneteller and asks, "Please, can you help me find my family in Europe?"  
The fortuneteller replies, "Hmmm. That could be difficult. Ask me something else."  
"Fine, then tell me when they will get rid of the ration card."  
The fortuneteller replies, "Let me try to find your family in Europe."

#### A. Summary

For the average Cuban family, with two working adults each making the GOC-published average wage in Havana, only 93 percent of food costs will be covered, with nothing left over for any other expenses such as clothing, transportation, medicine, utilities and all other household goods. Even though the GOC covers most housing and some medical costs, the average Cuban family does not earn enough money to purchase their basic needs.

#### B. The Average Cuban Family and their Monthly Income Defined

For the purpose of this report, the basic consumption levels have been estimated for a Cuban family of four: husband, wife, one child in high school and one in primary school. This family eats a small breakfast of bread and coffee or tea, soft drinks, juice, or yogurt depending upon availability. Daily lunch for workers and students is heavily subsidized: adults eat lunch at the workplace for about 22 Cuba Pesos monthly, the child in primary school eats lunch at the school for a fixed price of seven pesos per month, and the child in high school eats lunch at home since the high schools do not have cafeterias. Dinner is prepared at home. Restaurant meals are an uncommon luxury.

According to the GOC, the average wage in 2002 was 262 CP, and median income 353 CP. Median income is a new figure used by the GOC since 2001 and takes into consideration the bonuses some companies pay based on profits. This survey will use average wage as an indication of income because the bonus system is a relatively new phenomenon and is not a given. Assuming two working adults (44 percent of working-age women have jobs outside the home), the combined monthly income is 524 CP. Using the higher median income, the family income is 706 CP.

### C. Monthly Price for a Market Basket for a Four-Person Family

Based on January prices the listed below, the average family would need 563 CP to pay very basic monthly food purchases, compared to their total earnings of 524 CP for the average wage or 706 CP for the medium wage.

The following table lists the basic market basket for a family of four, and includes all food available on the ration card (second column), plus the minimum amount the family will need to purchase in addition to their rations (third column). This survey assumes all items each individual is entitled to on the ration card is available, which is not always the case. The third column is a broad estimate based on interviews with Cubans, and assumes this family will purchase an additional protein source, whether it is pork, eggs, or some kind of soy mix. Some families may choose to sacrifice this additional protein in order to purchase other necessities. It is also assumed that this family, with no access to dollars, will shop at the cheapest markets possible -- often the capped markets or the EJT markets.

According to published prices for the ration card, the total this family pays for products on the ration card is 60.40 CP monthly. The total monthly cost for their school and work lunches are 51 CP. The additional products, purchased from a variety of sources (capped, state, EJT and agro markets, and Imagenes grocery chain stores) in column three cost 452 CP in January 2003. Total January outlays for food were 563.40 CP.

Table 5. Quantity of Monthly Food Purchases for an Average Cuban Family

Product	Rationed Purchases	Additional Purchases	Total Food Purchase per month
Rice	24 lbs	10 lbs	34 lbs
Beans	5 lbs	6 lbs	11 lbs
Sugar, white	12 lbs	---	12lbs
Sugar, brown	8 lbs	--	8 lbs
Cooking oil	2 lbs	2 lbs	4 lbs
Salt	4 lbs	--	4 lbs
Coffee	1 lb	--	1 lb
Pasta	2 lbs	--	2 lbs
Bread	120 buns (80g)	8 lb	29 lbs
Yogurt *	15 1 l( foreither)	--	15 1 l
Potato	32 lbs	--	32 lbs
Sweet Potato/Squash	--	12 lbs	12 lbs



Plantains	--	6 bunches	6 bunches
Fish	2.75 lbs		2.75 lbs
Beef ground w/soy	3 lbs	--	3 lbs
Soy	3 lbs	--	3 lbs
Chicken	4 lbs	--	4 lbs
Onion	--	2 bunches	2 bunches
Garlic	--	6 heads	6 heads
Tomato sauce	--	3 bottles	3 bottles

Other meats:

Pork/lamb/ham	--	4 lbs	4 lbs
Eggs	24 pieces	60 pieces	84 pieces
Fish croquettes		80 pieces	80 pieces

\*Yogurt is provided every other day for 7-13 year olds only.

#### D. What's left for the average Cuban Family after their Food Purchases?

If we use the GOC average family income of 524 CP, an average Cuban family will not even be able to cover enough basic food products totaling 563 CP. Even at the higher median income, the family will spend 80 percent of their monthly income of the 706 CP just on food.

In spite of the fact that housing, most medical care (but not medicines or eyeglasses) and education is free, the average family has little or no money left over for expenditures on transportation, utilities, cleansing and personal care products, books and magazines, hobbies, recreation, medicine and clothing, etc. Any time this typical family needs an item of clothing, a pair of shoes, deodorant, soap, detergent, etc., the "basic survival diet" will decrease. Given the need to cover many other expenses not referred to in this survey, the conclusion is that the average Cuban family living on a standard income and purchasing food only by legal means is unable to fulfill its basic needs.

### III. HOW CUBANS SURVIVE: "Resolver" and "Inventar"

A current Cuban joke: Cuban Civil Rights--

- the Right to free education
- the Right to free medical care
- the Right to free housing
- the Right to freely steal from the State

#### A. Summary

Most Cubans, particularly those with no access to dollars, cannot survive on the average Cuban salary of 262 pesos per month, or US \$10. Although they receive free housing, education and some medical care, the average Cuban salary is not even enough to guarantee a healthy and nutritious diet. Cubans have learned to deal with their shortages by manipulating the underground economy. Self-employment is very limited in Cuba, and many of the wage-earning schemes Cubans have developed are therefore illegal,

despite the fact they are considered normal and legal economic transactions in almost any other country. The chronically underemployed Cuban population has adopted creative ways or "invented" schemes to provide scarce goods and services illegally to generate the income on which many Cubans survive. A black market has existed in Cuba since the early 1960s, but its current pervasive nature developed out of the so-called "Special Period" of the early 1990s.

## B. Resolver

"Resolver," literally translated as to solve or resolve, has a unique meaning in Cuba today. It is the verb Cubans use to indicate how to get something done, or to acquire something that is unaffordable or unavailable to them through legal channels. This can mean anything as simple as purchasing milk (since only children up to seven years of age are entitled to milk on the ration card) to getting a leaky sink repaired. One of the ironies of Cuba today is that although the GOC claims to provide for the basic needs of its people, many goods and services can be obtained only in US dollars, or are available legally only to foreigners. For the average Cuban on a monthly salary of 262 CP and no access to dollars, many of these dollar-only goods and services are clearly out of reach.

Discovering exactly how Cubans "resolver" is a delicate issue. Most Cubans are hesitant to discuss how they "resolver" especially in the presence of other Cubans since the state security apparatus is pervasive. Based on more than a year of conversations with Cubans on the street, it is clear that it is nearly (if not completely) impossible to live on a peso-only salary without participating in some form of "illegal" economic activity. Much of this activity would be considered normal and legal economic activity in the rest of the world. One independent economist estimated the informal economy to be around 41 percent of GDP in 2000. While the exact level is unknown, Cubans widely acknowledge that many manage to survive only because of its existence.

Foreign business people and diplomats residing in Cuba live in a universe completely different to that of the Cuban people, making it difficult to understand a Cuban's reality. Foreigners can go to the dollar-only hardware store and buy a light bulb for \$0.90. New arrivals from overseas often seem surprised to see paint, tile, tools and other home improvement equipment for sale in the dollar only hardware stores and wonder why most housing in Cuba is in such decrepit condition. Yet many fail to realize that there is no equivalent hardware store in pesos, and even if there was, most Cubans simply are not able to afford a light bulb that costs \$0.90 (23 pesos) -- nearly nine percent of their monthly salary. Foreigners find gasoline expensive at \$0.90 cents/liter (nearly USD 4 per gallon); gasoline is unavailable legally for pesos. The beef that seems so plentiful at the dollar stores cannot be had anywhere on the island for pesos. The expense and unavailability of products contribute to the immense black market.

Even Cardinal Jaime Ortega, the Archbishop of Havana, acknowledged that Cuban families must take extraordinary measures to simply survive in his February 2003 pastoral letter:

"...(the problems) that come with having a low family income create situations that make family life difficult. Although school and health care is free, salaries are not adjusted, in general, to the cost of living. Professionals, employees and blue-collar workers who do not receive economic assistance from family or friends overseas are forced to pursue some type of simultaneous legal

or illegal work that will bring some economic benefit. "He asks, "Is it not possible to rationally reduce the high taxes (on independent, legal economic activity) so that what is illegal can be legalized, and many worries can disappear?"

C. "Where can I buy...." -- The Demand Side

A planned economy creates distortions that limit supplies and leave demand unfulfilled. The ration card supplies a basic amount of food, but what about everything else? Clothing for example, for the entire family was once available on a ration card, but for many years only school uniforms and baby clothes have been available. Of this, the state provides school children with only one uniform every three years at affordable peso prices. Extra uniforms must be made, traded for, or purchased on the informal market at much higher prices. Some people get clothes and shoes from the workplace, but the rest must search out other sources. Many other items were available on the ration card before the so-called "Special Period" of the 1990's: dishes and other household goods, bedding, toys, etc. Now they must be purchased in non-rationed peso or dollar stores. Electrical appliances in the past were sold at places of employment as a reward for the best workers, but are now available only for dollars.

Shopping in Havana is nightmarish for foreigners; for Cubans, with far fewer options, it can be hellish. For those with dollars, malls contain sparsely stocked supermarkets, pet stores, sports stores, "Everything for US \$1" stores, and the like. Keeping in mind that one U.S. dollar is ten percent of the average Cuban monthly salary, it is clear that those without remittances or dollar income cannot shop here.

Peso shops are a different animal altogether. One located in the heart of the Old Havana tourist district (so presumably, one of the best) contains the most disjointed array of miscellany, at ridiculously high peso prices. A pair of toddlers' jeans cost 180 CP -- more than two-thirds the average monthly salary. How the store is supplied remains a mystery -- two trips to this store will never reveal the same items for sale.

Moving away from Old Havana, peso stores like this can be found all around the city. Surprisingly, the prices are still much higher than the average Cuban might be expected to afford. The U.S. Interest Section Economic officer has asked where to find peso stores that might be affordable to the average Cuban, and has been repeatedly told they do not exist. Since the ration card does not provide items like clothing, toiletries, housewares, and leisure equipment, and non-rationed stores are too expensive, the result is massive unmet demand that cannot be legally satisfied.

Most Cubans consider the level of service a joke. They tell horror stories of waiting months for a refrigerator repairman or a plumber. Often these state-employed repairmen, when they eventually come, arrive with no parts or tools to make the necessary repairs. More efficient were the privately licensed workmen, but many have gone out of business in recent years as the GOC taxed the self-employed out of existence. Public transportation is practically non-existent outside of Havana, and is seriously challenged in the capital itself. Mix unfulfilled demands like these with creative, highly educated but un- or underemployed people, and the result is Cuba's massive informal economy.

#### D. The Supply Side -- "I Know Someone Who..."

The official unemployment rate in 2002 according to the GOC was 3.3 percent. Independent economists estimate the nationwide rate could be as high as 17 percent, with estimates as high as 65 percent in the eastern provinces. The unemployed still receive free housing and ration cards, but money must come from somewhere to pay for even the small amounts of food everyone is entitled to on the ration card. In order to meet basic needs, these individuals must seek work in the informal economy.

Many Cubans with formal jobs must also turn to the informal economy simply to feed their families, because their meager salaries do not suffice. The form of illegal activity in which they engage often depends on where the individual is employed, and the state resources to which he or she has access (and can steal). Less fortunate are Cubans laid off "temporarily" when factories, farms, sugar mills, tourism facilities and other productive resources are shut down or downsized during economic slowdowns. These workers still receive state salaries and have plenty of time on their hands to engage in the informal economy, but they no longer have access to steal the state inputs that Cubans with formal jobs have.

Pensioners are in a similar position. Their pensions do not pay enough for them to survive on their own, and even those who live with their extended families can strain the family's resources by not "carrying their own weight." Again, many turn to the informal market in one way or another.

The informal market hosts a variety of products and service suppliers. The most desperate are those with no income or pensioners living alone with very little income. Families do help each other out, but find it extremely difficult unless at least one member has an above average salary or somehow has access to dollars. Informal activities can take place in either the peso or dollar markets. Here are some examples:

--Unlicensed vendors travel to the countryside to purchase meat and produce directly from farm producers. This is risky, and if caught returning to Havana with such products, these individuals can face stiff fines. Once in Havana, these items are sold either surreptitiously on the street for pesos, by going door to door to Cuban homes for pesos or dollars, depending on the neighborhood or to foreigners' homes for dollars.

--Fishermen are required to sell their catch to a state agency at a fixed lower-than-retail price. Many illegally sell directly to customers by going door to door themselves or through vendors.

--On visits to the local produce markets, both state and independent, one always is approached by individuals wandering among the shoppers whispering things like, "Potatoes....?" trying to sell these items which are purchased illegally in the countryside. Note: Potatoes can only be sold legally on the ration card or in dollar stores, not in local produce markets.

--Families with children under seven receive one liter of canned milk per day (when available) on the ration card. Some families, particularly those with an alternate source of milk (like a cow or goat), will sell a portion of this milk to other families for a small profit.

--Housewives and pensioners make candy or baked goods for sale to the public using ingredients generally purchased from black marketers who steal them from state enterprises such as bodegas, dollar stores, tourist facilities, industrial food plants, etc.

--Some housewives grow herbs in window boxes to sell to passers-by.

--A number of "lottery" drawings are run out of private homes, based on Miami lottery numbers.

--Although limited, a number of clandestine satellite dishes are found in Havana. They are used to videotape shows -- mainly from the U.S. -- which end up in private "video banks," where neighbors can come to rent videos. These video banks may also receive videos from family overseas, or may get a hold of bootlegged copies of movies that have been smuggled into the country.

--Pensioners collect and resell current issues of Granma and Juventud Rebelde (daily newspapers) to both Cubans and tourists for one peso (actual cost: 20 centavos). The tourists may actually read them; the Cubans use them for everything from wrapping paper to toilet paper.

--The sale of unwanted items from the ration card is common. For example, retirees often sell the cigarettes they are allotted on their ration card individually or in packs. A pack costs 2 CP on the ration card; pensioners can sell them on the street for 40 centavos per cigarette or 8 CP a pack.

--Although queues for rationed and other goods are not as common as in the past, long lines still exist to purchase plane/train/bus tickets, to solve bureaucratic problems such as housing and tax issues, and for visas (from the U.S. Interest Section as well as other embassies), among other things. Pensioners or housewives are often paid to act as "coleros" -- to stand in line for those who do not have the time to do so.

Those with state jobs can generate income by stealing state resources to sell on the black market, or by using their position to other advantages: The most common form this takes is when a sales clerk holds back a certain supply of an item in order to sell it "under the table" for a premium price. In the ration card stores, for example, the clerks cheat their customers by selling less than the stated weight of an item, and then selling the excess for a profit. Clerks also make deals with delivery drivers to receive extra supplies they can sell for more than the official price. Another common trick: bakers undercook the daily ration of bread rolls so they weigh the required 80 grams, but in reality use less flour. This means they can bake extra rolls to sell for 1 CP each instead of the rationed price of 5 centavos each.

--Workers at state cigar factories are allotted a few cigars per month, many of which make their way directly to the black market. Others steal brand labels or empty cigar boxes and use them to market lower quality home-rolled cigars.

--Those with access to the right materials repair shoes at home. Knowledge of the service they provide spreads by word of mouth. This can be a legal service for those with a license to conduct a private business. More often, the burdens of having a license lead these individuals to work without one.

--Medical personnel and students steal medicines and other supplies from pharmacies, drug manufacturers, medical universities and hospitals for sale on the black market.

--Skilled workmen with state jobs use state resources to perform off-the-books repairs: plumbing, electrical work, masonry, etc. A common scam: the state employee claims a repair cannot be performed for lack of the correct parts or tools, but for the right price, he can find the needed part sooner (while pocketing the "expediter's fee").

--A similar scheme exists among health care professionals. For a fee, a customer can be put to the front of a long waiting list for dental or health care services.

--Other state-employed workers will draw up fake receipts, indicating they performed a lower-cost service than the one actually provided so they can pocket the difference.

--Retired accountants often continue to make a living assisting tax-paying individuals with their taxes. Other professionals -- physicians, engineers and university professors who in the 1980s were awarded cars now work as taxi drivers illegally, and are paid in dollars or CP. The most discreet of these only offers these services to customers recommended by a friend. There are also illegal tutors, baby sitters, and caretakers for the elderly, maids, etc.

--Professionals who can travel abroad, including those in the airline or shipping industry, often smuggle electronic equipment from abroad -- ostensibly for personal use -- for sale on the black market.

--Store clerks can take advantage of their position to offer "illegal" items kept hidden out of sight. One U.S. Interest Section employee was offered some burned CDs from under the cash register if he did not see what he wanted on the shelves of a state bookstore.

--Bicycle taxis are licensed in Havana for a particular neighborhood. The cost of a license in Old Havana, where there are tourists with dollars, is more expensive. Some licensed operators from other neighborhoods try their luck in Old Havana in the hope of gaining some tourist dollars while avoiding the police.

--Some Cubans voluntarily continue working past the official retirement age, without pay, if there is something worth stealing from their job. They live off of what they can earn by selling their stolen goods on the black market.

#### E. The Growth of the Back Market

The black market has existed in one form or another since the establishment of the ration card in the early 1960s. At that time, however, it was limited to beef, shrimp and lobster, which were the only items not legally available. In the 1980s, there was an official GOC non-rationed "parallel market," where Cubans could buy everything not available on the ration card (and extra quantities of items included on the ration card). Beef remained the exception, but was still available on the black market. During the so-called "Special Period" of the early 1990s, illegal economic activity grew so widespread that the GOC decided to legalize much of it by



authorizing the use of the U.S. dollar and allowing free markets, private restaurants and other small businesses to open. This was not enough, however, to stop the growth of the informal economy. The eventual withdrawal of self-employment opportunities helped it grow even larger. Despite periodic crackdowns, the informal economy has existed on this same massive scale since the beginning of the so-called "Special Period," and showed no sign of weakening even during the growth years of the late 1990s.

#### F. The Crackdown

Once the GOC began a crackdown on the drug and prostitution trade at the end of January 2003, it also had a convenient pretext to crack down on other "illegalities." Some of the activities listed above have been more affected than others. Anyone working from his or her home has been a target; retired women have had their baking pans taken away from them, entire shelves of videocassettes have been confiscated, illegal beef and lobster have been removed from the menus of several paladars. Yet there are items on this list that would obviously be harder to control. The retired workers continuing their "voluntary" work, the repairmen doing a job faster for a fee, the sales clerks cheating their customers.

How do the ones who have been shut down for the moment survive? In the current climate of fear, it is difficult to find anyone who will answer the question. We assume by hunkering down, and living off the generosity of family and friends -- there is no safety net. Cubans are convinced that this recent crackdown too, shall pass, and they will eventually be able to take up their former activities again -- as has always been the case in the past. In fact, it seems the fear of being fined or jailed is lower than the fear of not being able to survive. Vendors are already reappearing with the same items they used to sell.

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